



# The Single Audit

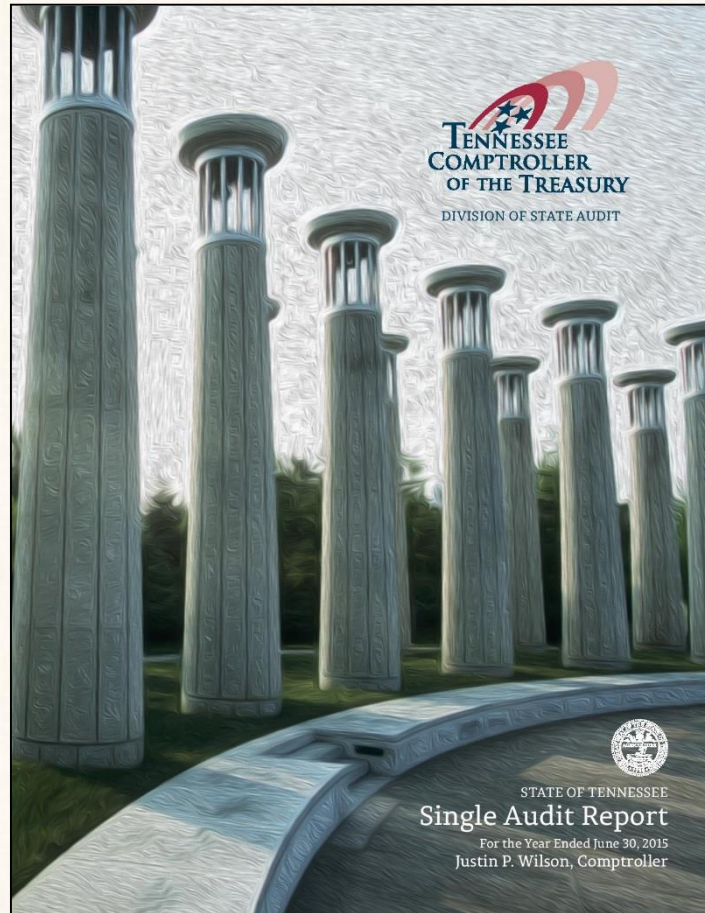
## Fiscal Year 2015

Justin P. Wilson  
Comptroller





# What is the Single Audit?





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# What is the Single Audit?

💡 Single Audit = Federal Money



- Covers federal programs administered by state agencies







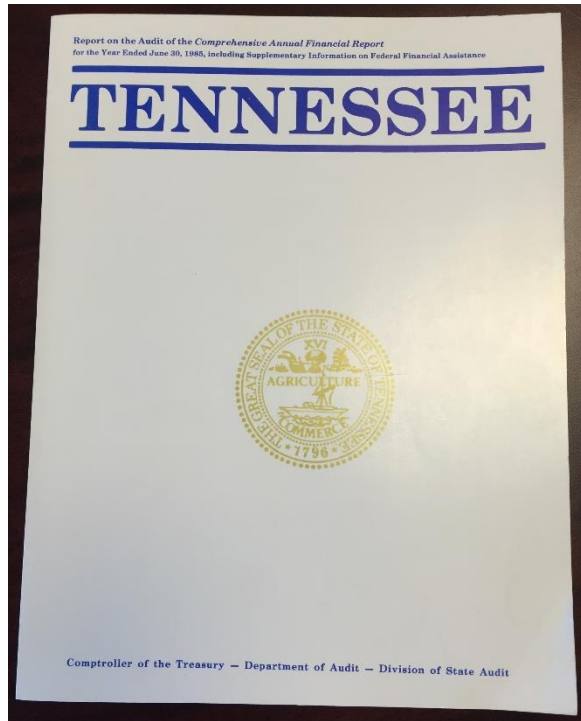
# Why is it Called a Single Audit?

- **Created by the Single Audit Act of 1984, and amended in 1996**
  - Standardized requirements for auditing federal programs
  - Grantees are subject to one “single” audit for ALL of their federal programs instead of separate audits for each federal program

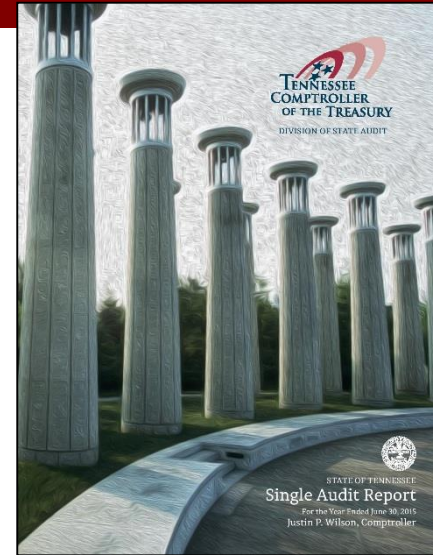
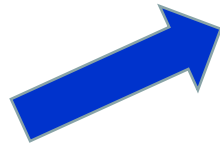




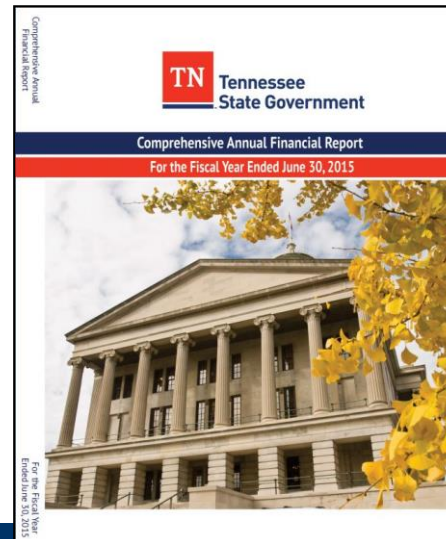
# How Times Have Changed!



1985  
138 pages



2015  
735 pages





# The 2015 Single Audit

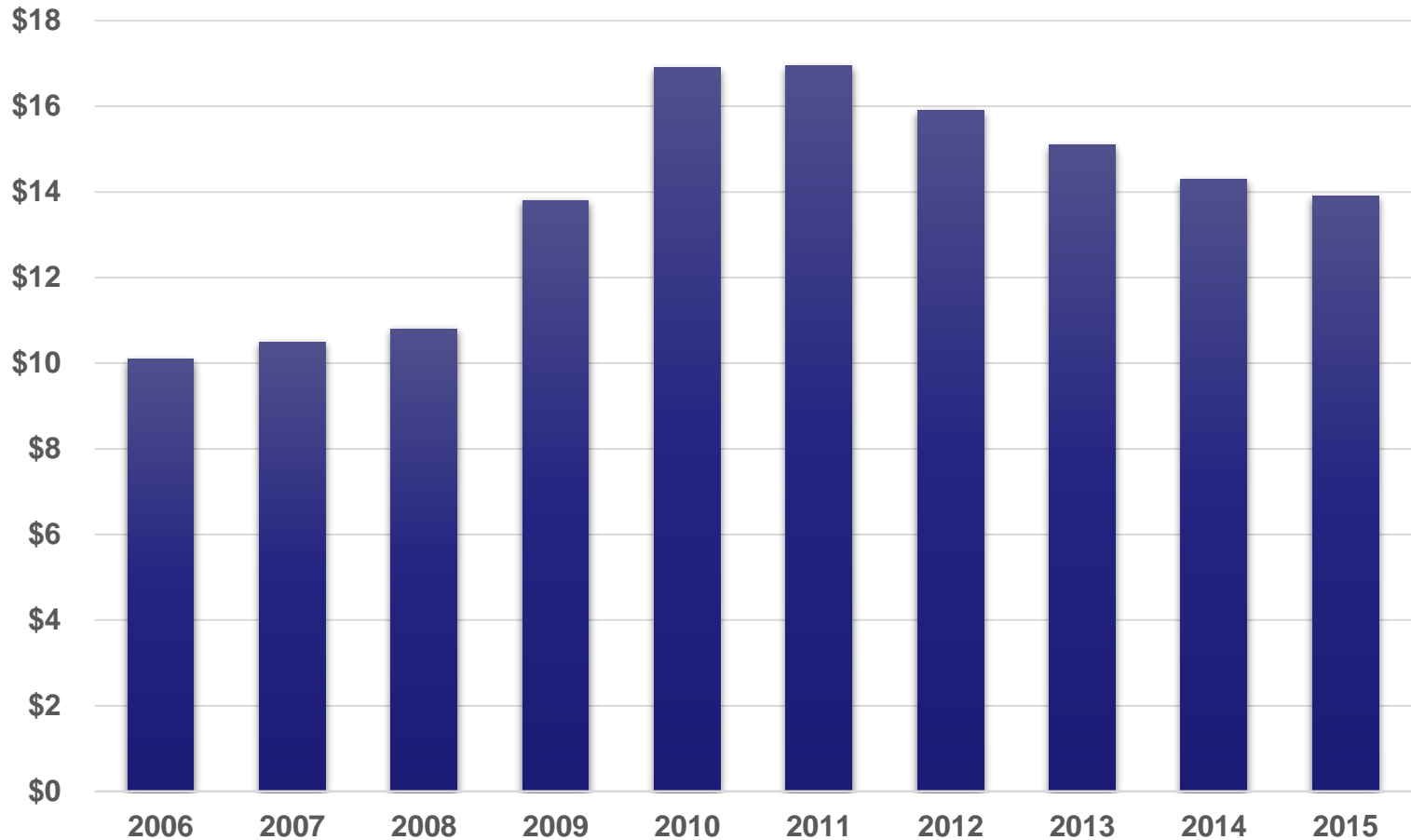
- **Reflects Federal Expenditures of \$13.9 billion in Tennessee**
- **Audit covers 31 Major Federal Programs administered by the state**
- **Comptroller's Office selects programs to audit based on federal guidelines**





# Federal Expenditures in Tennessee

Expressed in billions

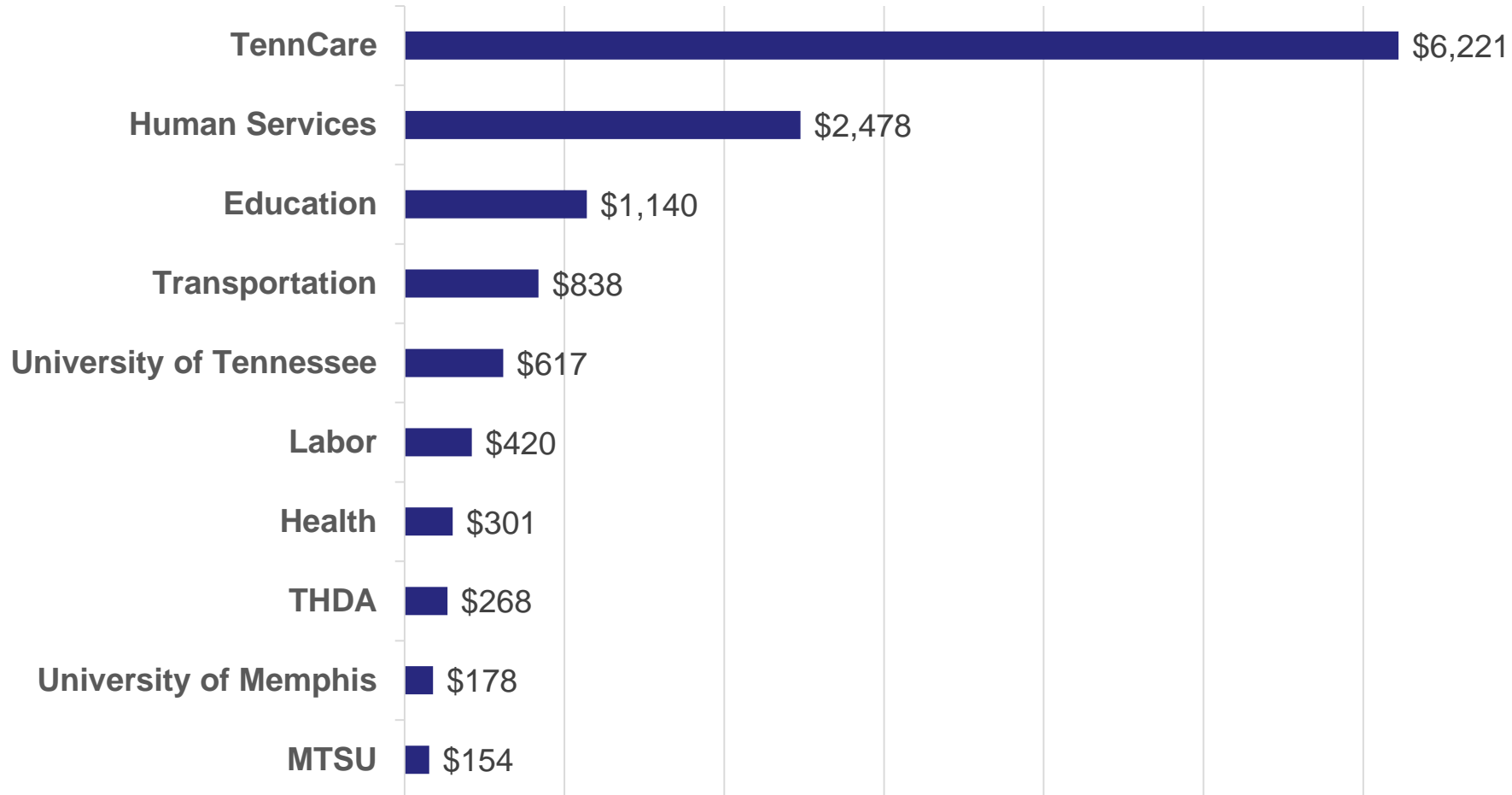






# Top 10 State Agencies

Expressed in millions





# Federal Program Spending



Food Stamps - \$38 million per week

Highways - \$2 million per day



TennCare – Over \$1 million per hour





# Audit Objectives

- Provide an objective, independent audit
  - \$ Financial Statements
  - ✓ Compliance with laws and regulations
- Express an opinion on financial statements and compliance
- Report findings and questioned costs when issues of noncompliance or internal control deficiencies arise





# Single Audit Opinions

- **Unmodified Opinions**

- ★ **25 Major Federal Programs**

- ★ **Tennessee's Financial Statements**

In all *material* respects the financial statements are fairly stated and the state agencies have complied with federal laws and regulations.







# The Good News

## State Agencies with No Findings

- ★ Austin Peay State University
- ★ Children's Services
- ★ East Tennessee State University
- ★ Middle Tennessee State University
- ★ Tennessee Housing Development Agency
- ★ Tennessee Student Assistance Corp.
- ★ University of Memphis





# Single Audit Opinions

## ■ Qualified Opinions

- Child and Adult Care Food Program
- Adult Education-Basic Grants to States
- Twenty-First Century Community Learning Centers
- Child Support Enforcement
- Child Care and Development Fund Cluster

## ■ Adverse Opinion

- Rehabilitation Services – Vocational Rehabilitation Grant to States





# Single Audit Findings

- **2015 Report includes 72 findings**
  - **45 new findings**
  - **27 repeat findings**





# State Agencies with Repeat Findings

State Agency	Repeat Findings	New Findings	Total Findings
Human Services	10	24	34
Labor and Workforce Development	8	6	14
Education	5	3	8
Transportation	5	3	8
Economic and Community Development	1	2	3







# Audit Findings

- **Unallowed Activities**
- **Unallowed Costs**
- **Cash Management**
- **Eligibility**
- **Procurement, Suspension, and Debarment**
- **Reporting**
- **Subrecipient Monitoring**





# Questioned Costs

- **What are questioned costs**
  - **Resulted in a violation or possible violation of federal requirements**
  - **Not supported by adequate documentation**
  - **Costs appear unreasonable**
- **\$82 million in questioned costs**



# Questioned Costs

**The federal agencies that awarded the funds to Tennessee will determine whether the questioned costs are disallowed and if state agencies have to repay the federal government.**





# Area for Improvement

## Subrecipient Monitoring

- A subrecipient is an entity that assists a state agency in carrying out a program.
- Typically non-profit organizations, government entities, hospitals, colleges and universities.







# Subrecipient Monitoring

**State agencies are responsible for monitoring the subrecipients' activities.**

- **Must be reasonably sure that money is being spent in compliance with federal requirements.**

14 Single Audit findings related to subrecipient monitoring problems.





# Keys to Effective Monitoring

- Assess risks posed by subrecipients
- Establish effective monitoring plans
- Provide effective and appropriate training for state employees and subrecipients





# Management's Responsibility

**Management of each state agency is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.**







# TGA's Responsibility

**The Tennessee General Assembly is authorized to oversee the management of each state agency. The legislature may act when management is unable or unwilling to make necessary changes.**







# 2016 Single Audit

- **Auditors are in the field right now**
  - **Testing 2016 Expenditures**
  - **Ensuring Compliance**
  - **Prior Findings**
- **March 2017**





# Questions

